



**Eric P. Douglas**  
Senior Director, Government Affairs

2211 Sanders Road, NBT-2  
Northbrook, IL 60015

p 847-559-3422  
f 401-652-9342

eric.douglas@cvshealth.com

December 19, 2014

**MISC. COMM. NO. 3**

**VIA Hand Delivery**

The Honorable Donna Mercado Kim  
President, Hawaii State Senate  
State Capitol Building, Room 409  
415 South Beretania Street  
Honolulu, HI 96813

**RE: Act 226 of 2013 Report to Legislature**

Dear President Kim:

On behalf of **CVS Health**, please allow this cover letter to officially serve as notification of our submission to your office pursuant to the requirements set forth in Section 4, Act 226 of 2013 (formerly known as Hawaii House Bill 65). CVS Health is submitting this report in our capacity as a "Pharmacy Benefit Manager" as set forth under Subsection 4 (a) of the aforementioned Act. Please note that this report consists of CVS Health's good faith efforts to comply with the requirements outlined in Section 4 of Act 226 and utilizes the most recent beneficiary data available—October 31, 2014. Should you have any questions please feel free to contact me at your convenience.

Very truly yours,

Eric P. Douglas  
Senior Director, Government Affairs  
CVS Health

cc: The Honorable Joseph M. Souki-Speaker, Hawaii State House of Representatives

**CVS HEALTH'S REPORT TO THE  
LEGISLATURE OF THE STATE OF HAWAII  
REQUIRED BY ACT 226 (HB 65) OF 2013**

CVS Health ("CVSH"), on behalf of its pharmacy benefit management company, Caremark PCS, L.L.C., respectfully submits this report to the Legislature of the State of Hawaii in accordance with Section 4 of Act 226. This report is intended to satisfy the reporting obligations placed on the undersigned in its capacity as a pharmacy as a pharmacy benefits manager or PBM under Section 4 of Act 226 and was prepared based on a good faith interpretation of the requirements imposed by the Act.

**Section 4(b)(1) – Number of Beneficiaries Affected By Act 226**

As of October 31, 2014, CVSH was acting as the PBM for over **800,000** individuals who fall within the definition of the term "beneficiary" in Act 226. Of those, we estimate that approximately **296,002** individuals are beneficiaries who participate in plans that are not subject to the requirements of Act 226 due to federal preemption, including self-funded prescription drug benefit plans sponsored by private employers and the Federal Employee Health Benefit Plan. Of the estimated **503,998** remaining beneficiaries who are enrolled in non-ERISA or non Federal Employee Health Benefit plans, we believe that many of those beneficiaries participate in prescription drug benefit plans are subject to the requirements of Act 226.

**Section 4(b)(2) – Beneficiaries Who Opted Out of Requirements to Use Mail**

In some plans supported by CVSH, there were not any beneficiaries who opted out of a requirement to purchase prescription drugs from a mail order pharmacy because those plans' mail benefit is voluntary and allows beneficiaries to use either retail or mail pharmacies to fill their prescriptions.

Where we identified a past requirement to use mail, we identified approximately **3,548** beneficiaries who opted out of a plan's requirement to purchase prescription drugs from a mail order pharmacy.

The number of beneficiaries who opted to purchase prescription drugs from a retail community pharmacy included **112,349** utilizers that filled at least one prescription of a 90 day supply since the reporting period of last year's legislature report.

**Section 4(b)(3) – Filings with Insurance Commissioner**

CVSH acts as the pharmacy benefit manager for the Hawaii Employer-Union Health Benefits Trust ("EUTF") and Hawaii Medical Service Association ("HMSA"). EUTF and HMSA advised CVSH that each will file a Section 431R-4 Report with the Insurance Commissioner on or before the reporting deadline. CVSH understands, based on discussions with the Division of Insurance, that CVSH is not required to separately file a duplicate Section 431R-4 Report with respect to EUTF and HMSA.

\*\*\*\*\*

If you have any question regarding this report, please contact me at the e-mail address listed below.

CVS Health

By: 

Eric Douglas - (Eric.Douglas@CVSHealth.com)